

# EBRD Business Reorganisation Assessment: Current Trends and Reform Priorities

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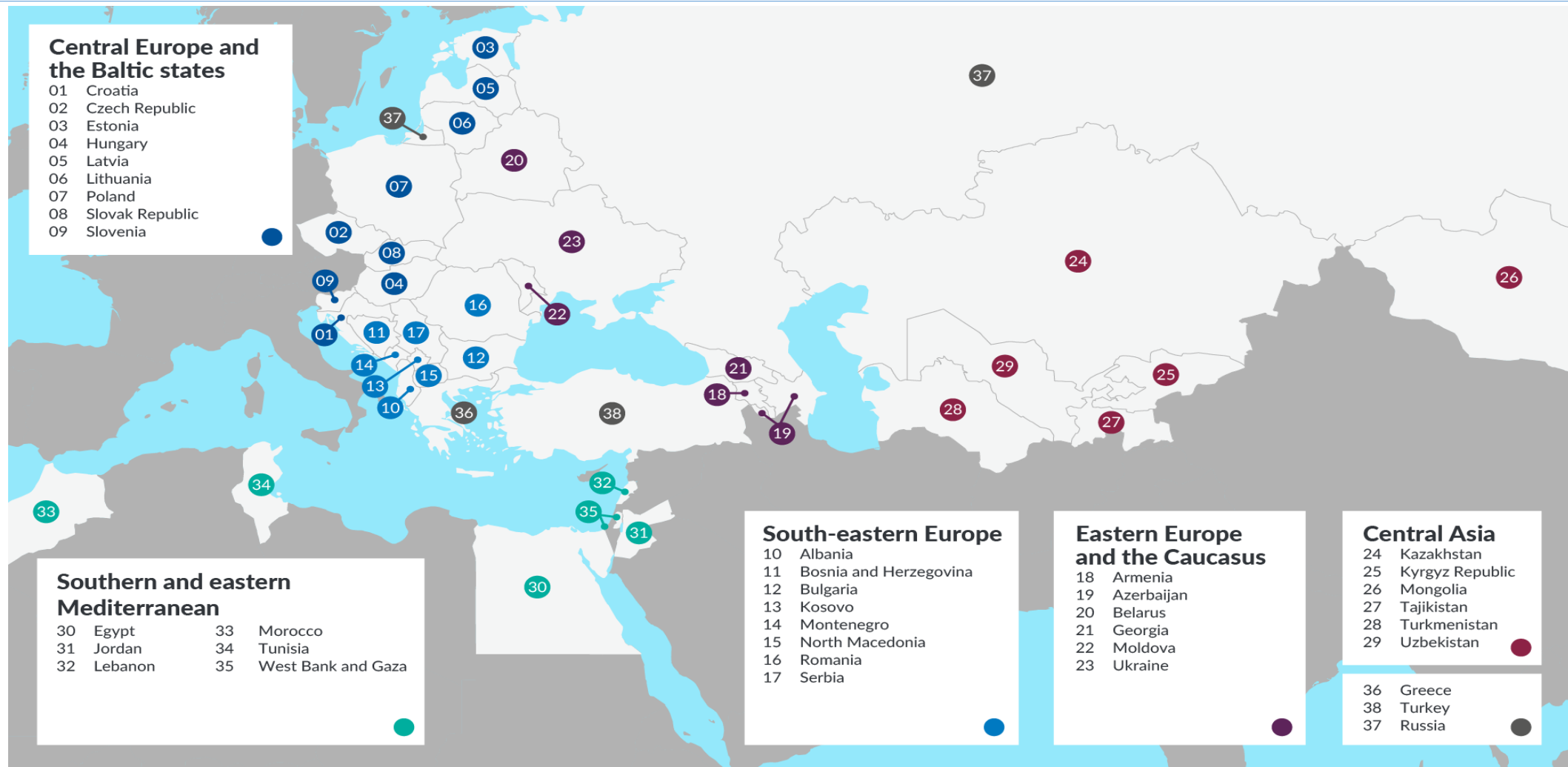
**European Bank**  
for Reconstruction and Development

# Overview

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- Scope of Assessment: EBRD economies of operations
- Selected themes
- Some big picture observations
- Current trends/reform priorities
- Conclusions

# EBRD economies of operations



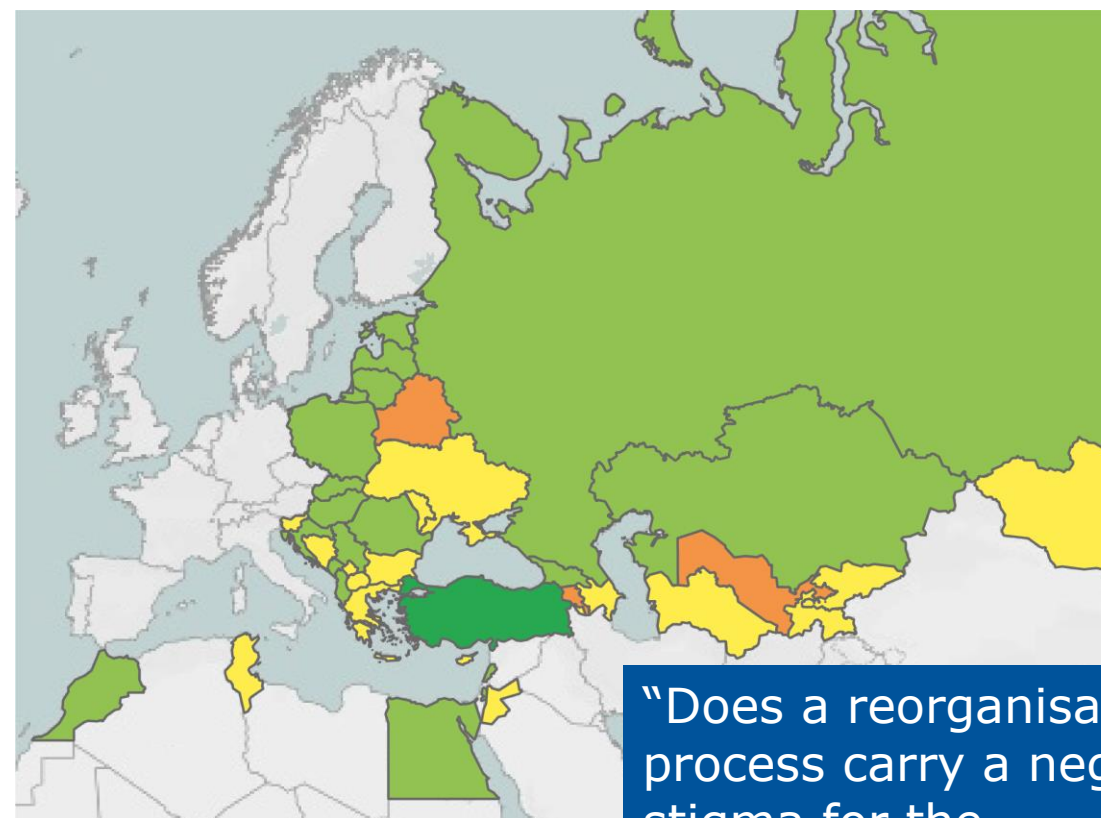
# Business reorganisation is not a widespread choice



"Are reorganisation procedures commonly used in practice in your jurisdiction?"

Respondents' feedback was mixed.

# Business reorganisation still carries negative stigma and private workouts are not very common



"Does a reorganisation process carry a negative stigma for the debtor?"  
Most respondents agreed.

Strongly Disagree  
Disagree  
Neither Agree nor Disagree  
Agree  
Strongly Agree



"Are private workouts a common practice in your jurisdiction?"  
Respondents' feedback gave mixed results.

# Respondents' perception of average duration of business reorganisation in the EBRD regions

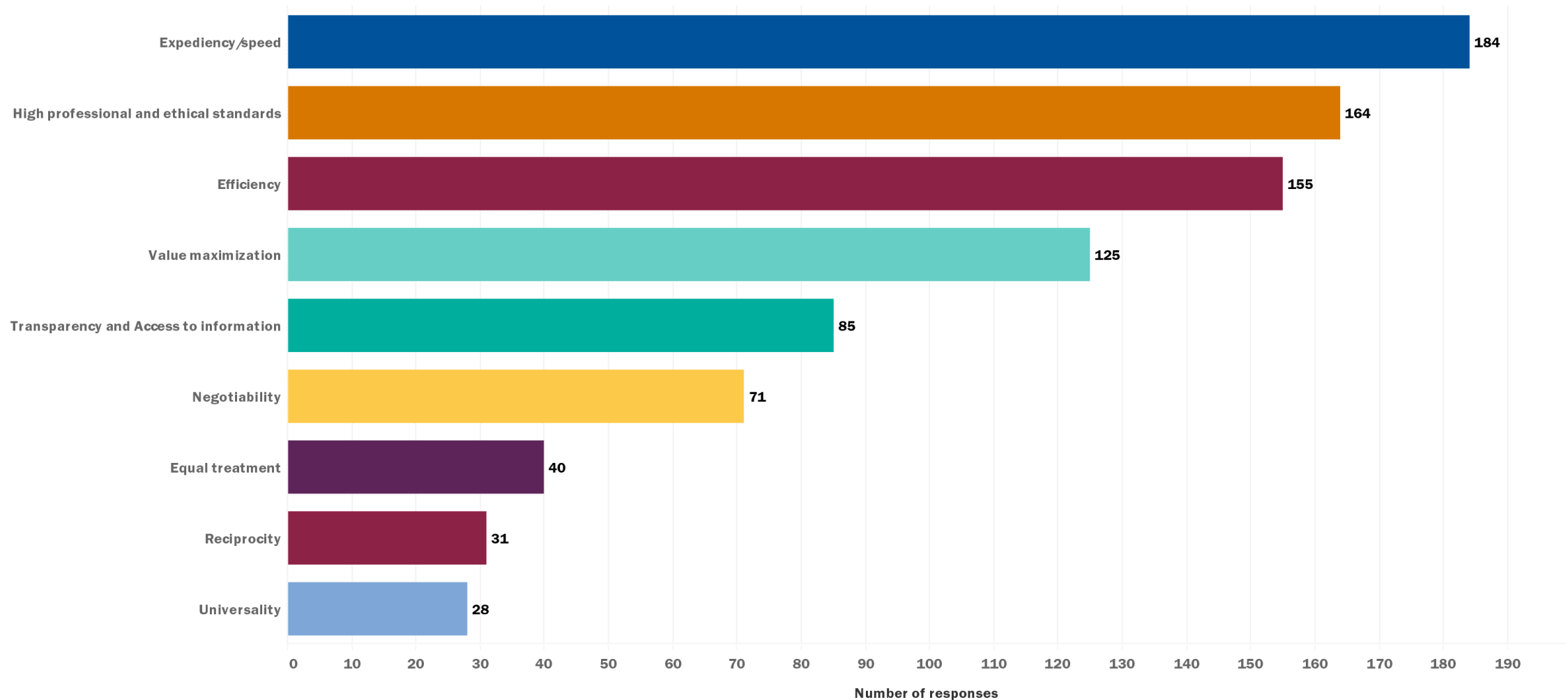
Source: Business Reorganisation Assessment, EBRD

0-3 months	3-6 months	6-9 months	9-12 months	12+ months
	Lithuania Jordan Estonia Latvia Romania	Montenegro Moldova Armenia Cyprus Belarus Bulgaria Tajikistan Uzbekistan Russia Slovenia Kazakhstan	Hungary Turkmenistan West Bank and Gaza Ukraine Slovak Republic Azerbaijan Egypt Mongolia N. Macedonia Serbia Albania Lebanon Poland Kosovo Greece	Croatia Kyrgyzstan Georgia Morocco Turkey BiH (RS) Tunisia BiH (Fed.)



**Shorter duration of business reorganisation is an indicator of procedural efficiency.**

# Respondents' perception of insolvency principles that require strengthening in the EBRD regions



# Current Trends and Reform Priorities

1. De-stigmatisation (of insolvency)
2. Comprehensive, updated, and de-aggregated insolvency data
3. Specialised, digitalised courts that allow for online proceedings
4. Professional insolvency practitioners subject to high ethical standards
5. Private workout incentives and hybrid mechanisms
6. Tax and regulatory incentives to encourage reorganisations
6. Simplified and shorter procedures for N-M-SMEs
8. Moratoria and protections for essential contracts and new financing
9. Flexible reorganisation plans:
  - to select who to restructure (affected creditors)
  - to cramdown any creditors (including priority and secured creditors)
10. Cross-border insolvency provisions



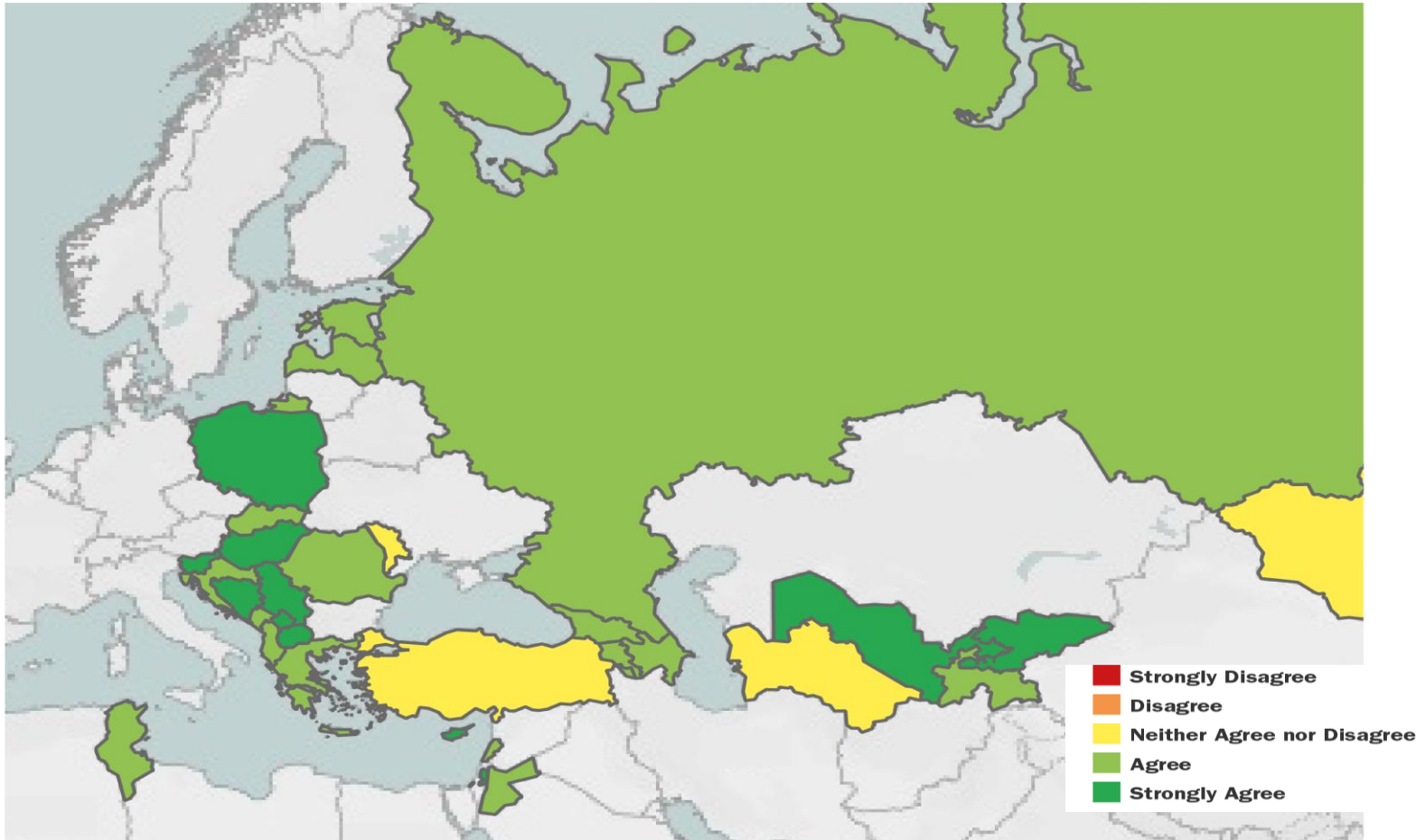
# Conclusions

- Still a lot to do
- EBRD and others willing to help
- De-stigmatise business reorganisation
- Trends favour business reorganisation where possible
- EBRD Assessment Report and Economy Profiles are available at <https://www.ebrd-restructuring.com/>
- Q&A



# ANNEX

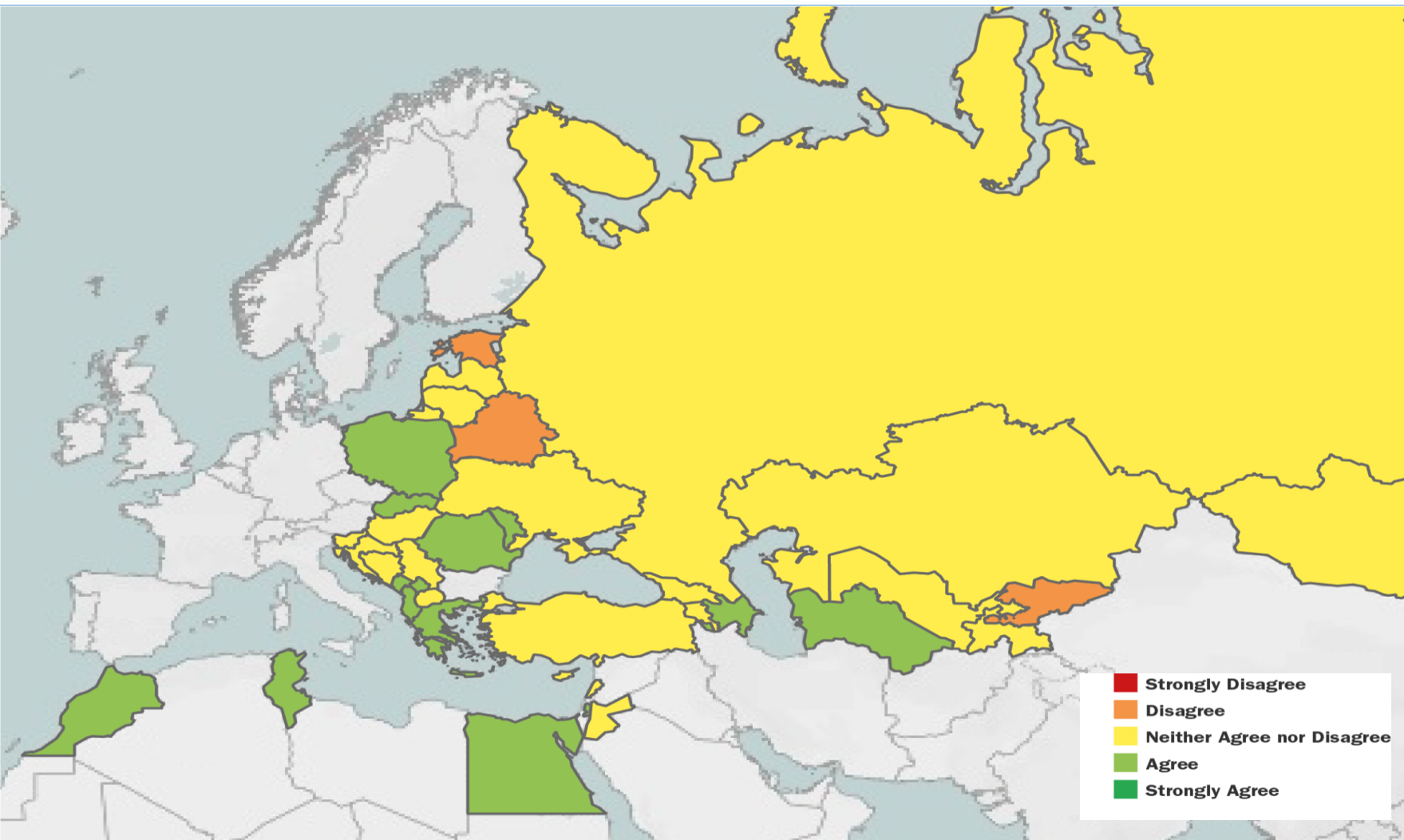
# SMEs should benefit from faster business reorganisation procedures



“Do you think that small and medium-sized enterprises should benefit from a less burdensome and faster reorganisation procedure as long as the minimum standards and requirements are observed?”

Respondents from most countries agreed with this statement.

# Business reorganisation procedures do not always serve their purpose



“Do you think that reorganisation procedures serve their purpose, that is, to enable the debtor to continue its operations on a sustainable debt basis?”

Respondents' feedback was mixed.